

County Budgeting 101

Seth Grigg

Executive Director

www.idcounties.org



About IAC

IAC was incorporated in 1976 by counties as a 501(c)(4) nonprofit corporation to coordinate with county officials in improving county government

IAC is governed by a 28 member board of directors comprised of county elected officials from around the state



IAC's Mission

Promote county interests

Encourage ethical behavior

Advocate for good public policy on behalf of Idaho counties

Support best practices in county government

Provide education & training to assist Idaho county officials in performance of public service



About Counties

- 44 counties
- 396 county elected officials
- All counties provide identical services (regardless of population and tax base)
- County authority is prescribed in Idaho Constitution and Idaho Code
- Counties are the administrative arm of the state
- Every Idahoan lives in a county



Fiscal Years

- State: July – June
- Federal: October – September
- County: October – September



County Budget Development Timeline

April
May

- Elected officials and department heads submit budget requests

June
July

- County clerk prepares suggested budget

Aug.
Sept.

- Board of county commissioners finalize and approve county budget (after public hearing)

Primary County Revenue Sources

Fees for Services

- District Court Fees
- Computerized Mapping Fees
- Recording Fees
- Solid Waste Fees
- Etc.

Intergovernmental Revenues

- Sales Tax Revenues Sharing
- Liquor Fund Revenue Sharing
- Highway User Revenue Sharing
- Payment in Lieu of Taxes
- Grants

Property Taxes

- Current Expense Levy
- Justice Levy
- District Court Levy
- Road and Bridge Levy
- Etc.

Fund Balance/Cash Reserves

- Unassigned Reservices
- Court Facilities Fund
- Justice Fund
- Dedicated Reserves for Projects

County Revenues by Type (CFY2022)

Fiscal Year
2022

County
All

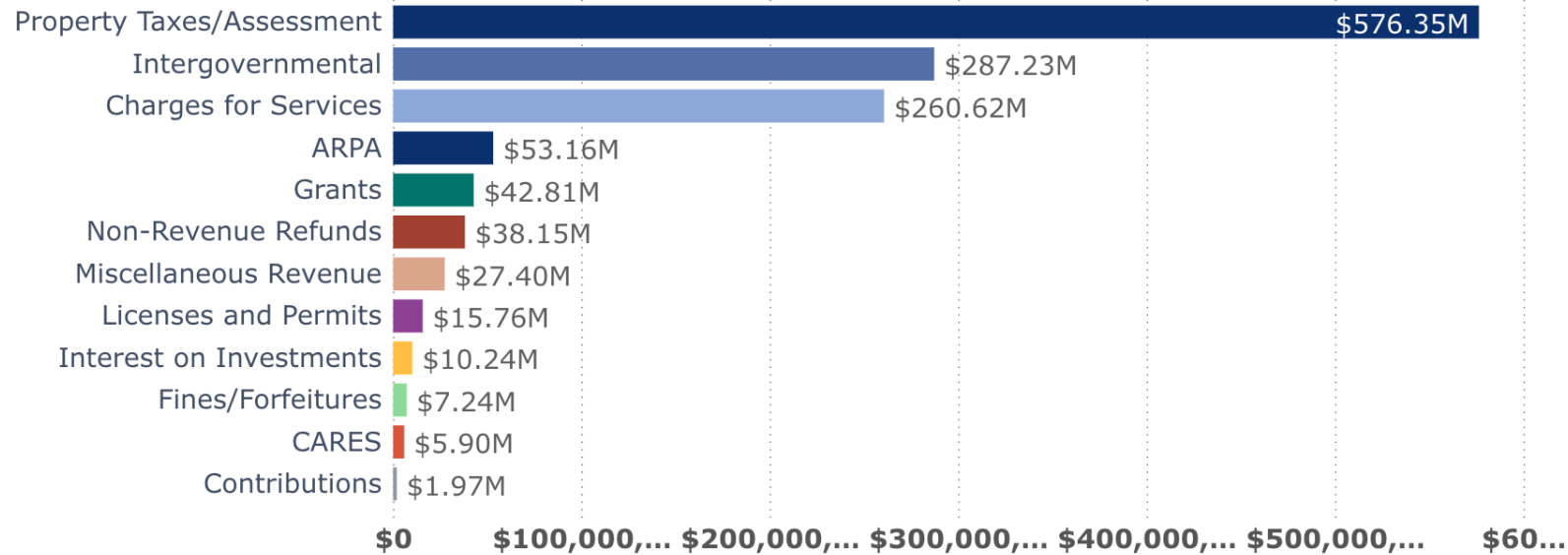


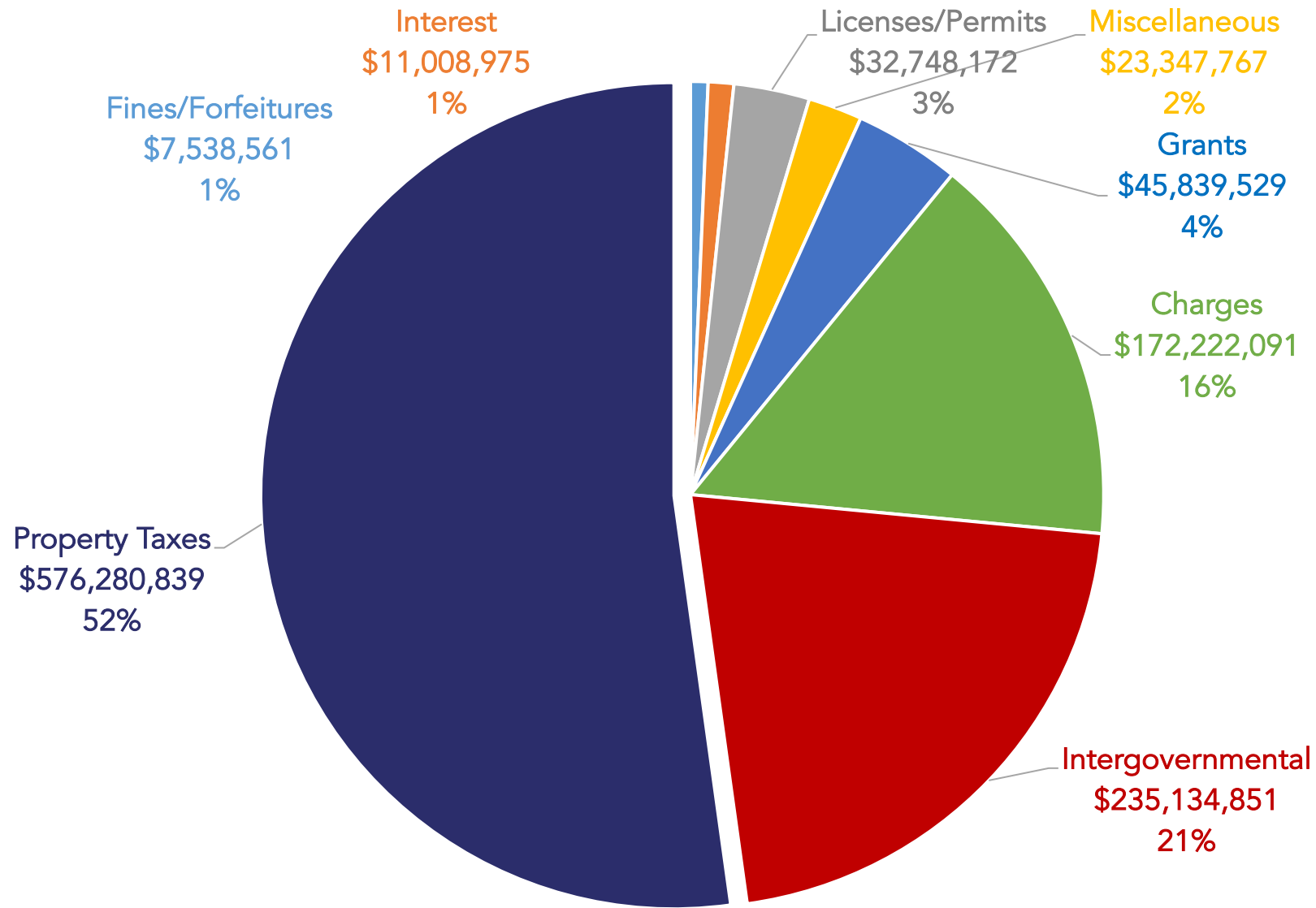
View

Total

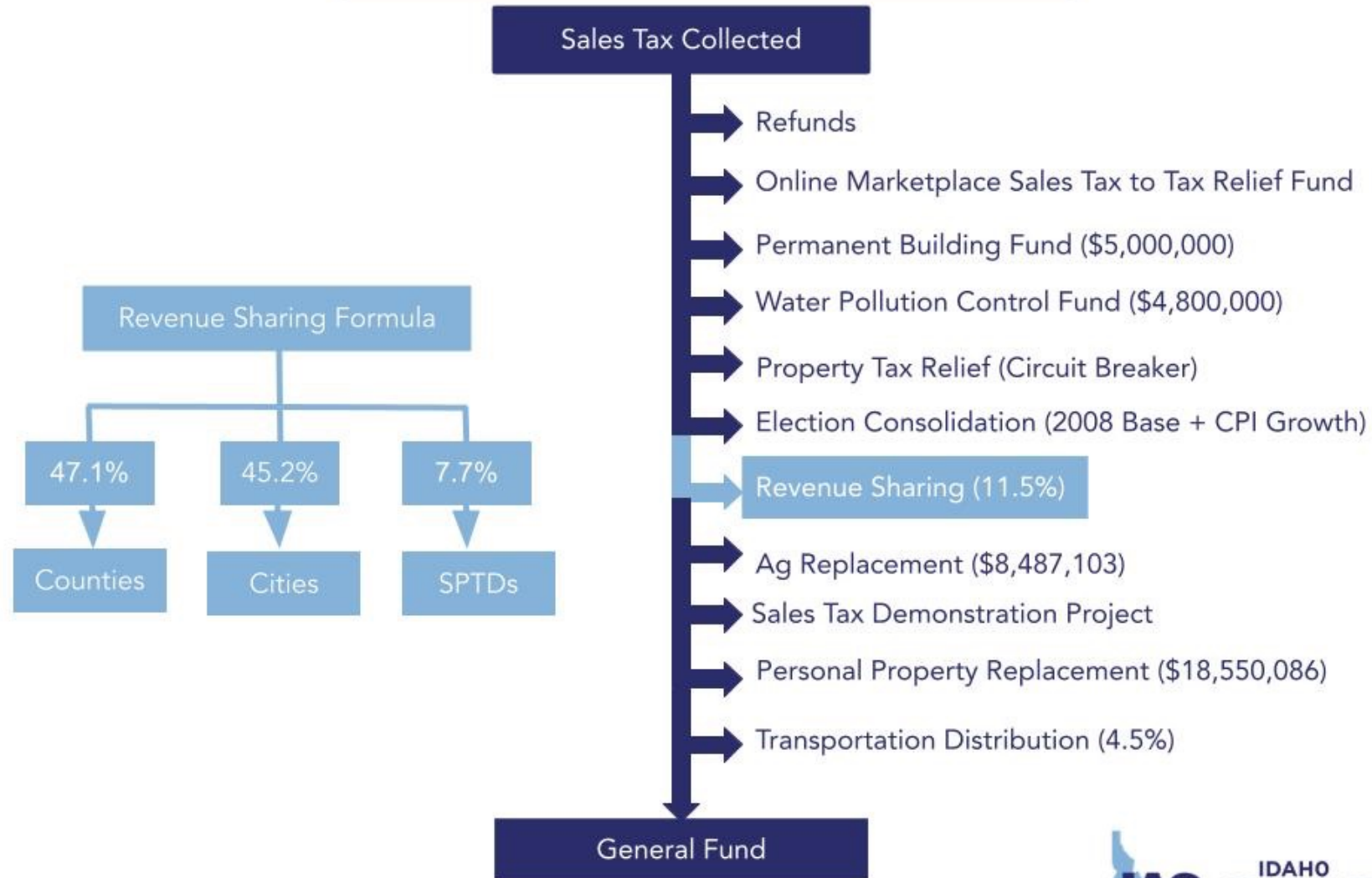


All Counties

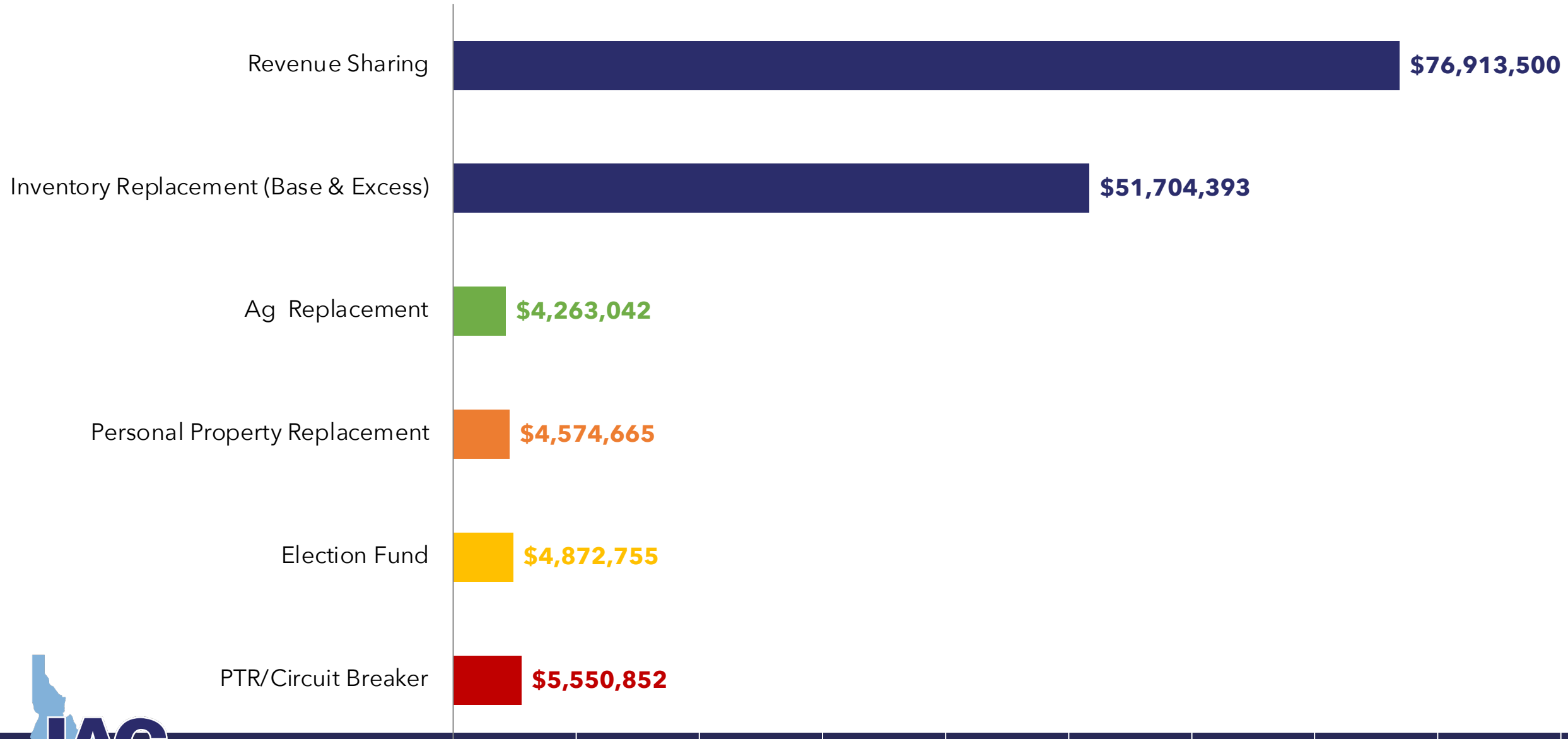




Sales Tax Distribution Flow Chart



Sales Tax Distribution to Counties, 2021

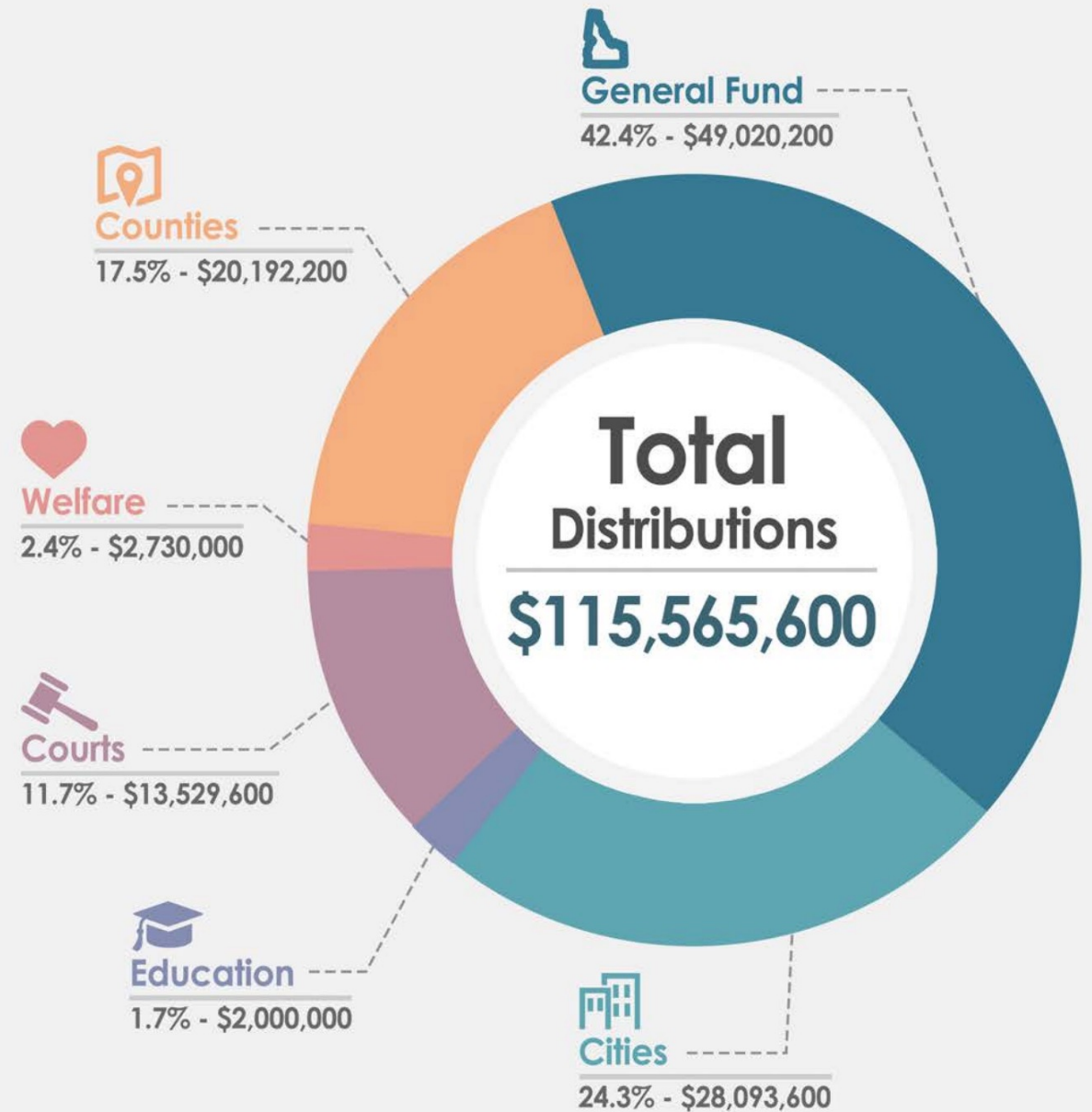


State and Federal Transportation Revenues to Counties, 2017-2027 (Est)

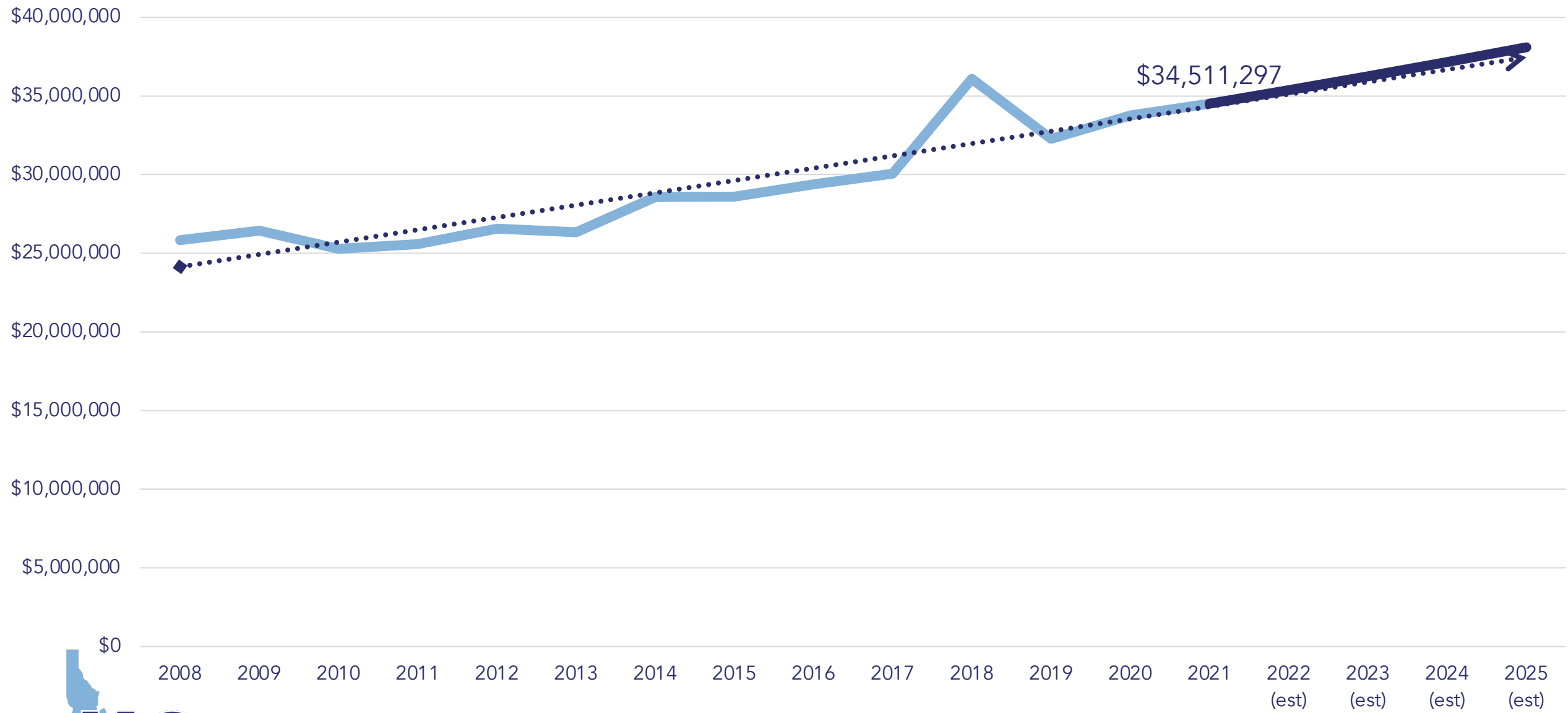


State Liquor Fund

- In 2022 counties received \$20.2 million in distributions from the state liquor fund

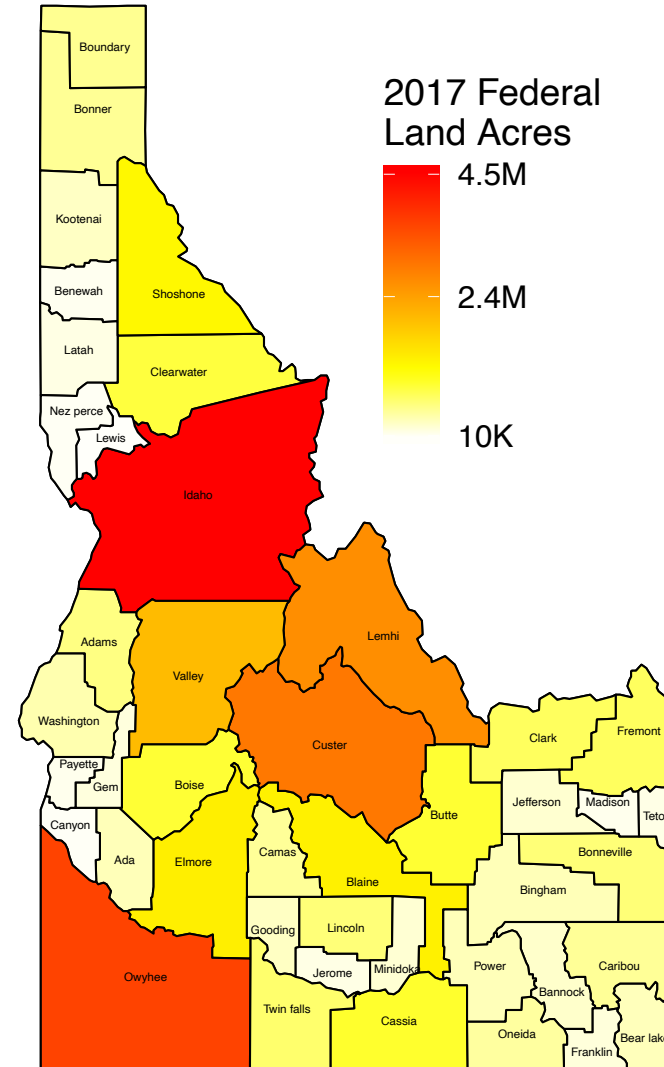


PILT Payments to Idaho Counties, 2008-2025 (Est)



Why PILT?

- 63% of land in counties is is federally managed and tax exempt
- 97% of Custer County is federally managed



County Expenditures

Fiscal Year
2022

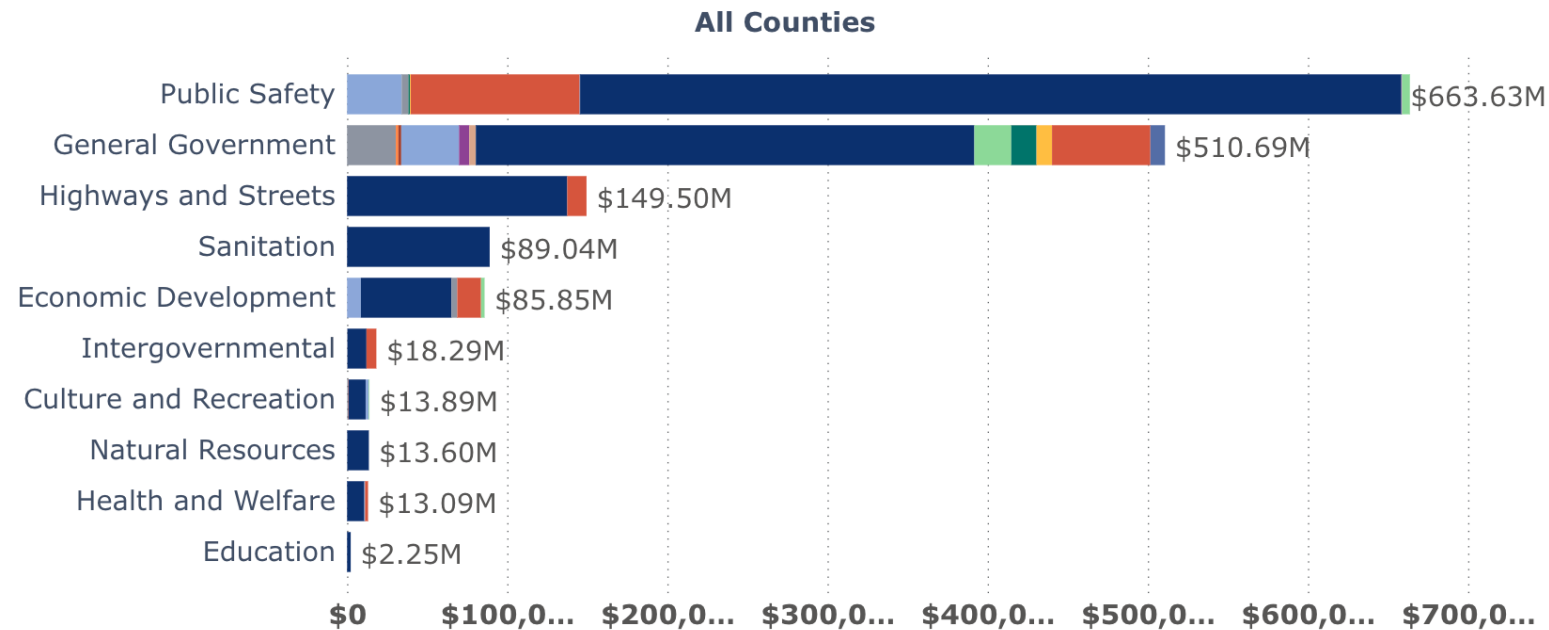
County
All

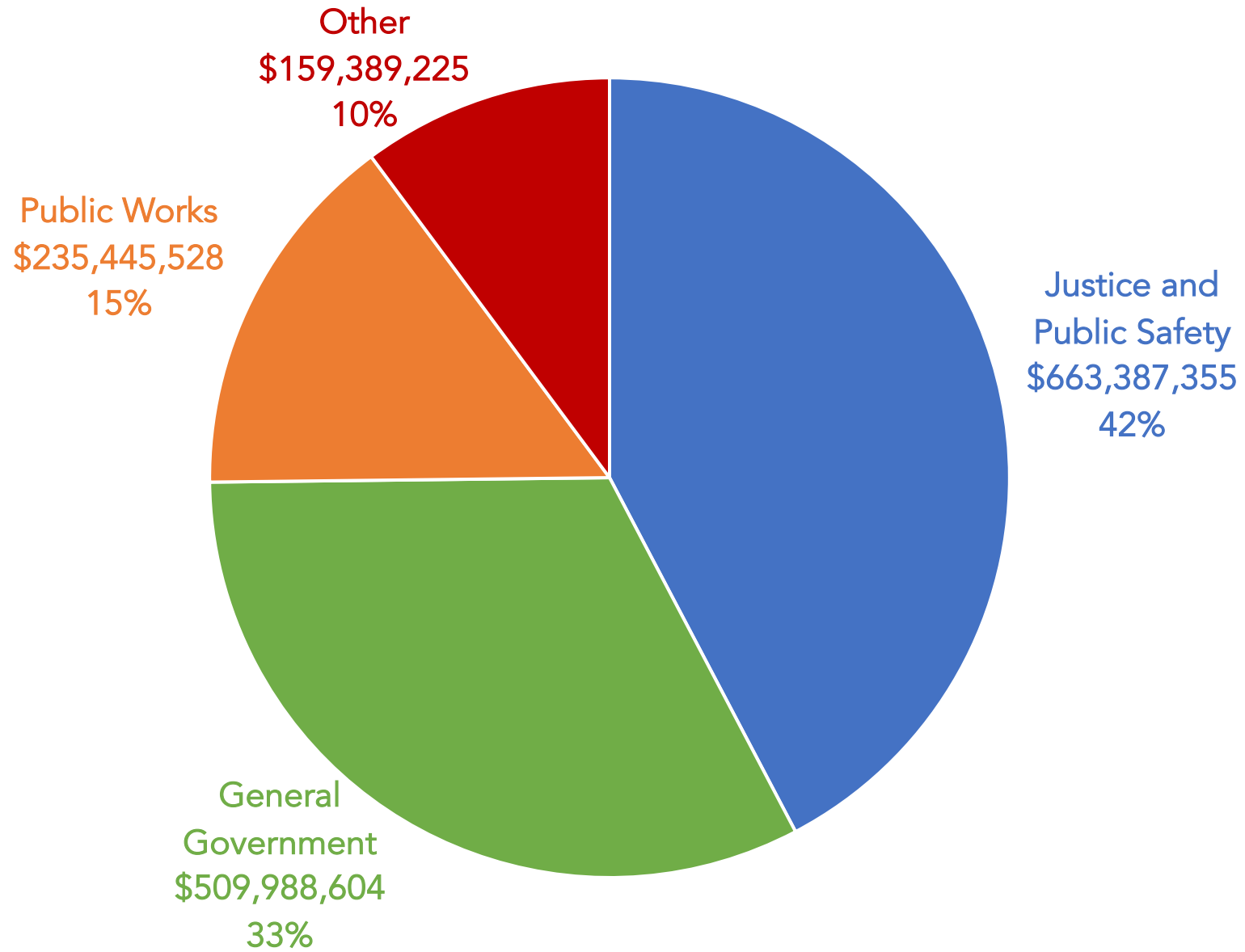


View

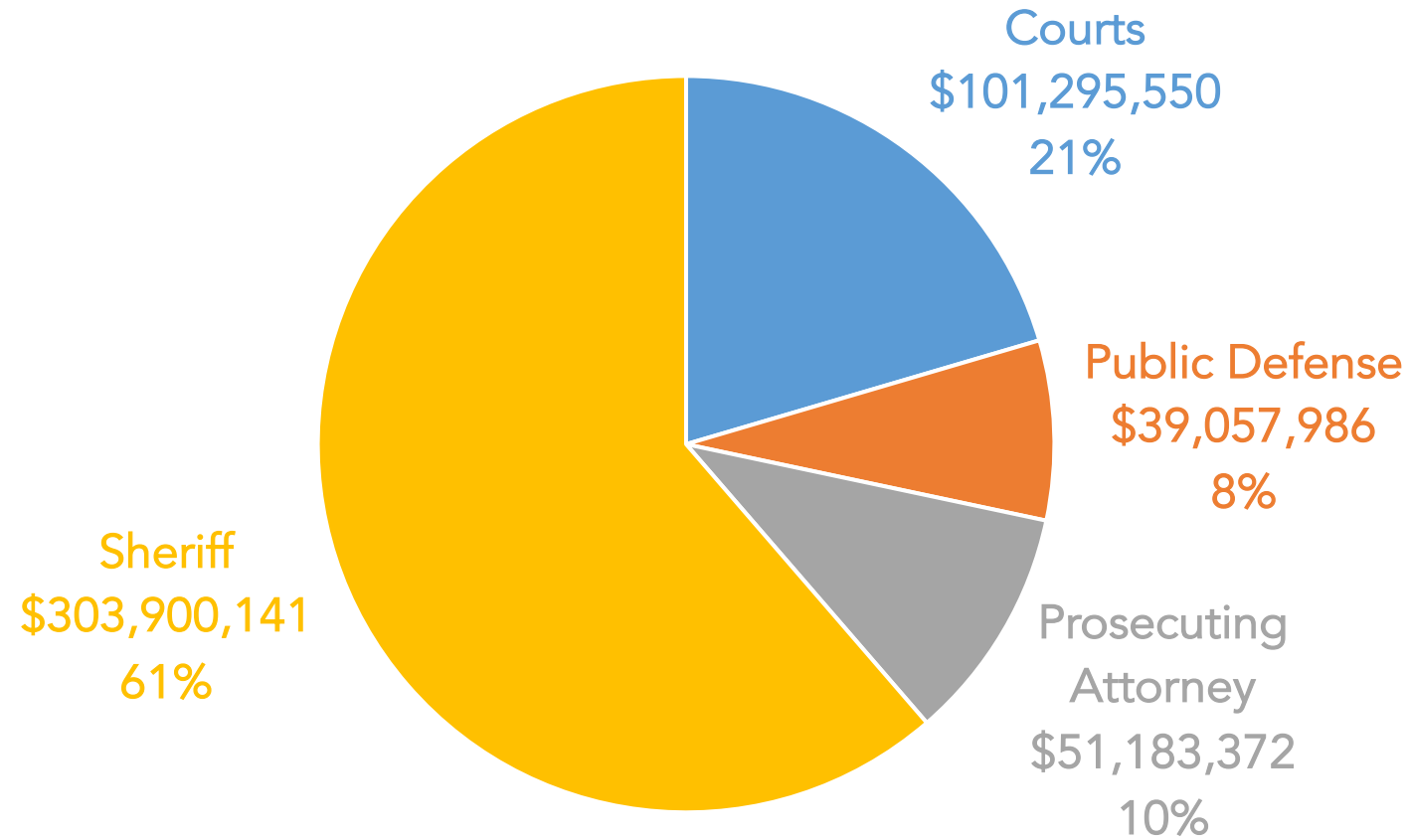
Total

Percent

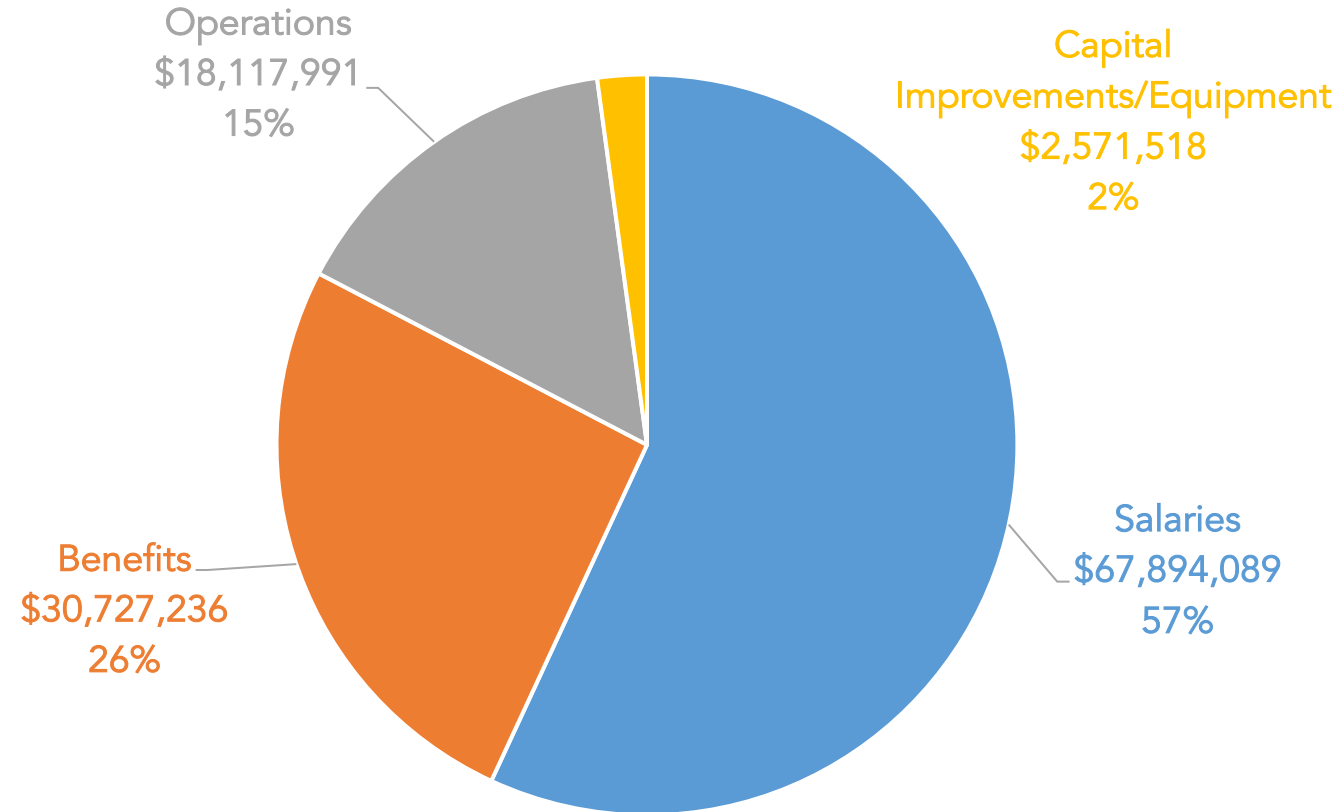




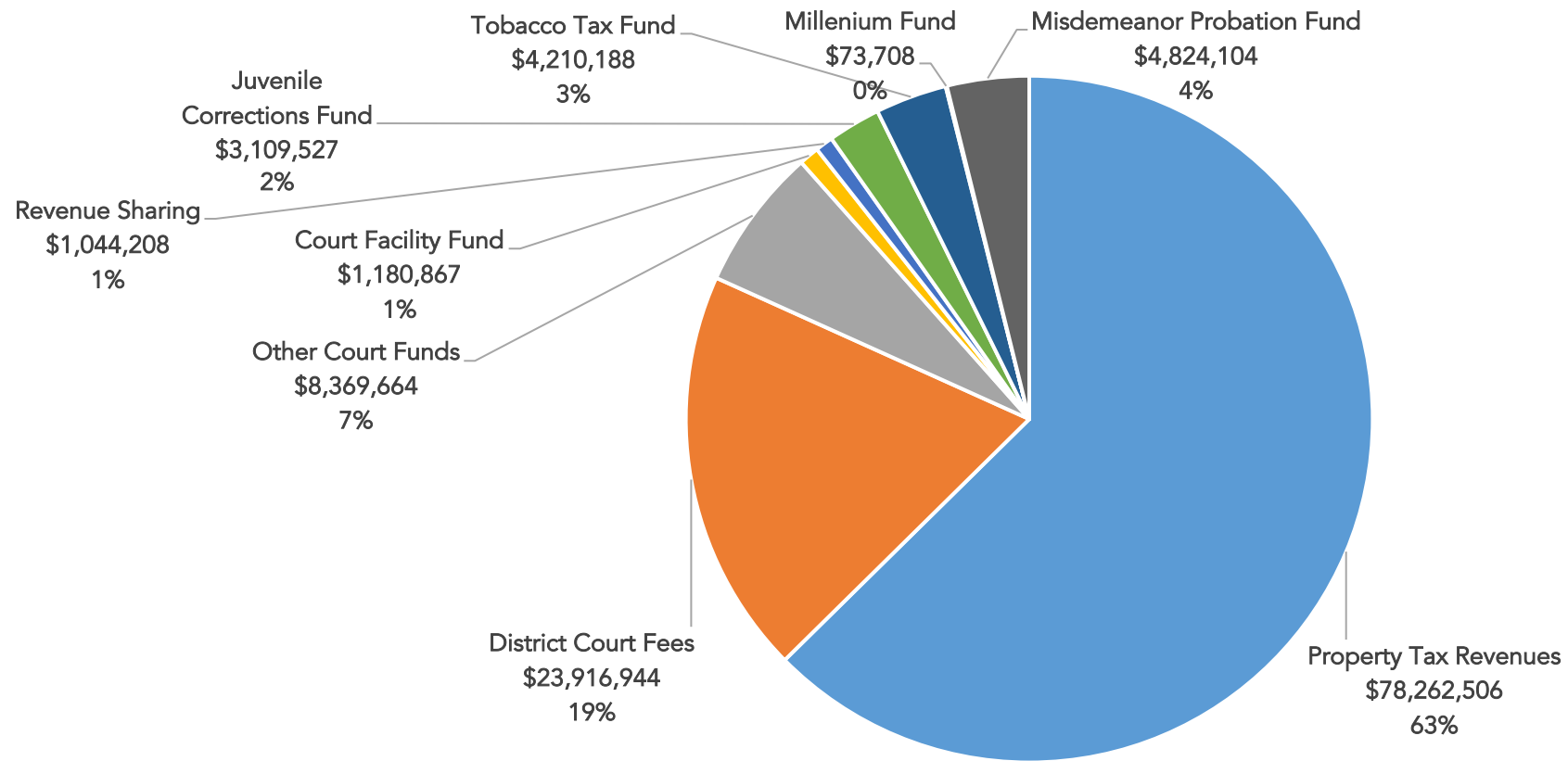
County Criminal Justice Expenses (2019)

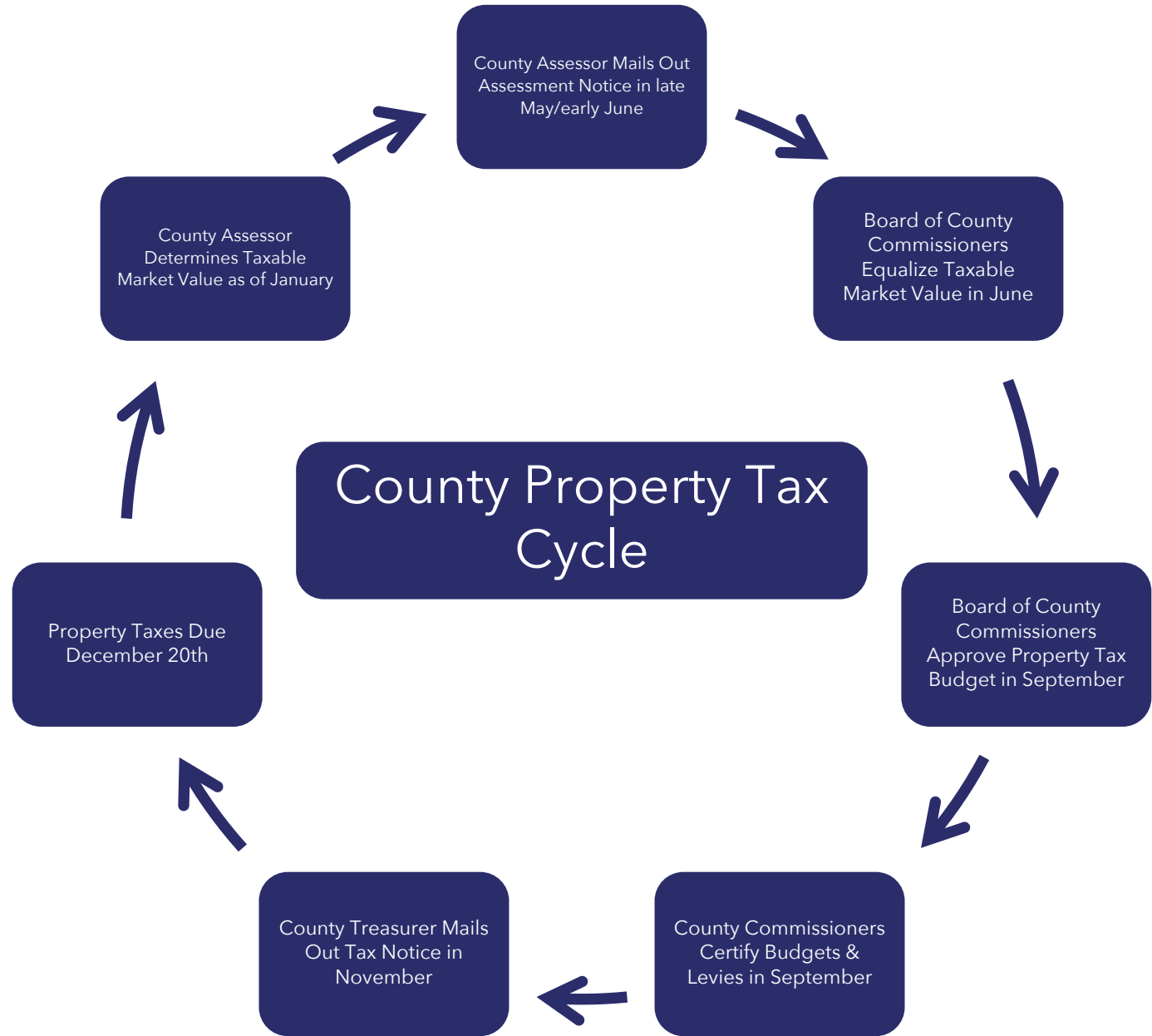


District Court Expenses (2021)

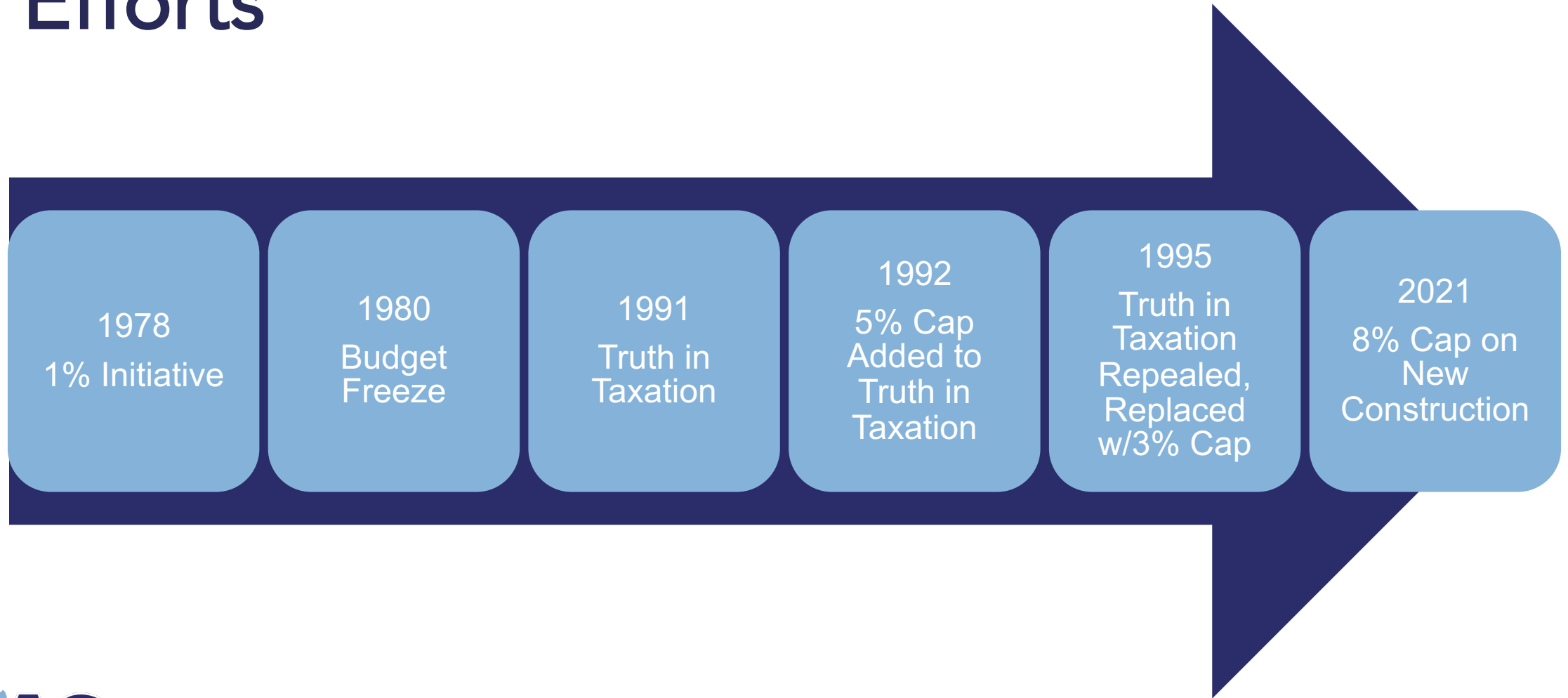


District Court Revenues (2021)





Major Legislative Property Tax Reform Efforts

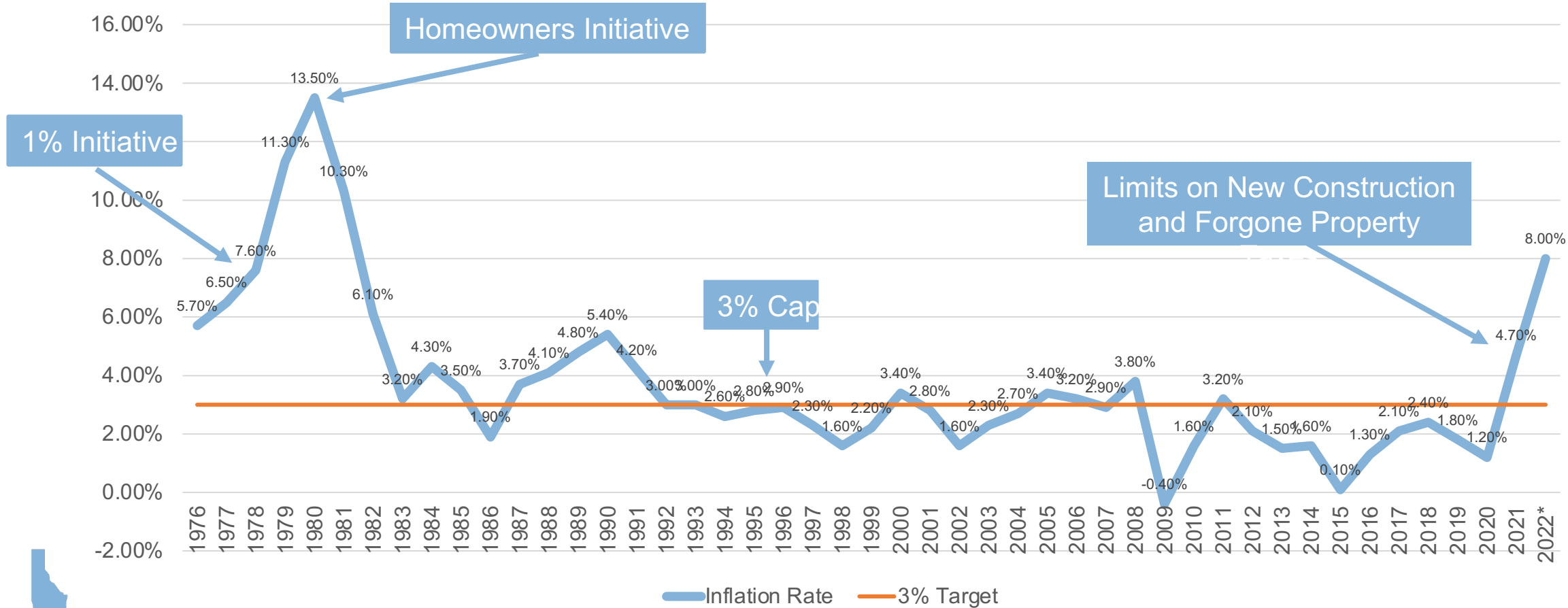


Homeowners Exemption History

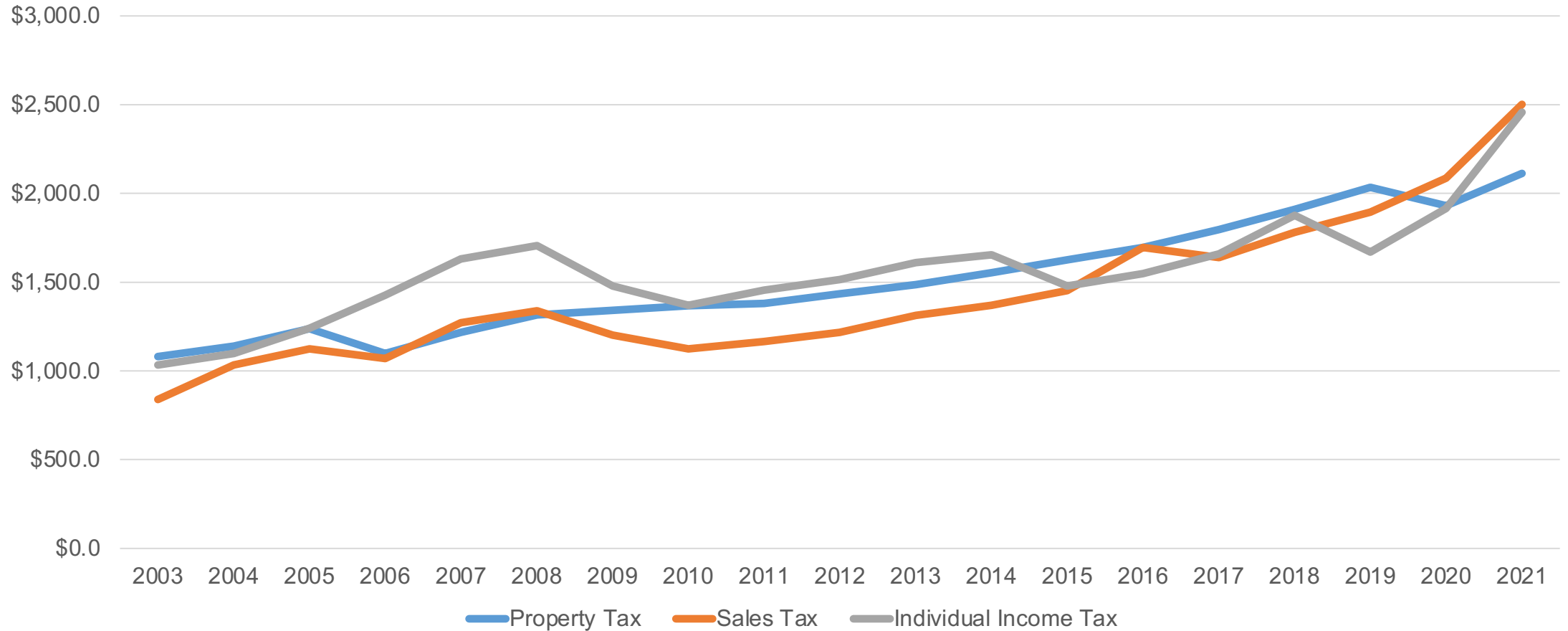
- Established by voter initiative in 1980 (50% of property value up to \$50,000)
- 2006: Legislature increased the exemption to 50% of property value up to \$75,000 and indexed annually
- 2016: Legislature increased the exemption to 50% of property value up to \$100,000 and removed the annual index
- 2020: Legislature increased the exemption to 50% of property value up to \$125,000 (without indexing)



Annual Inflation (CPI), 1976-2022

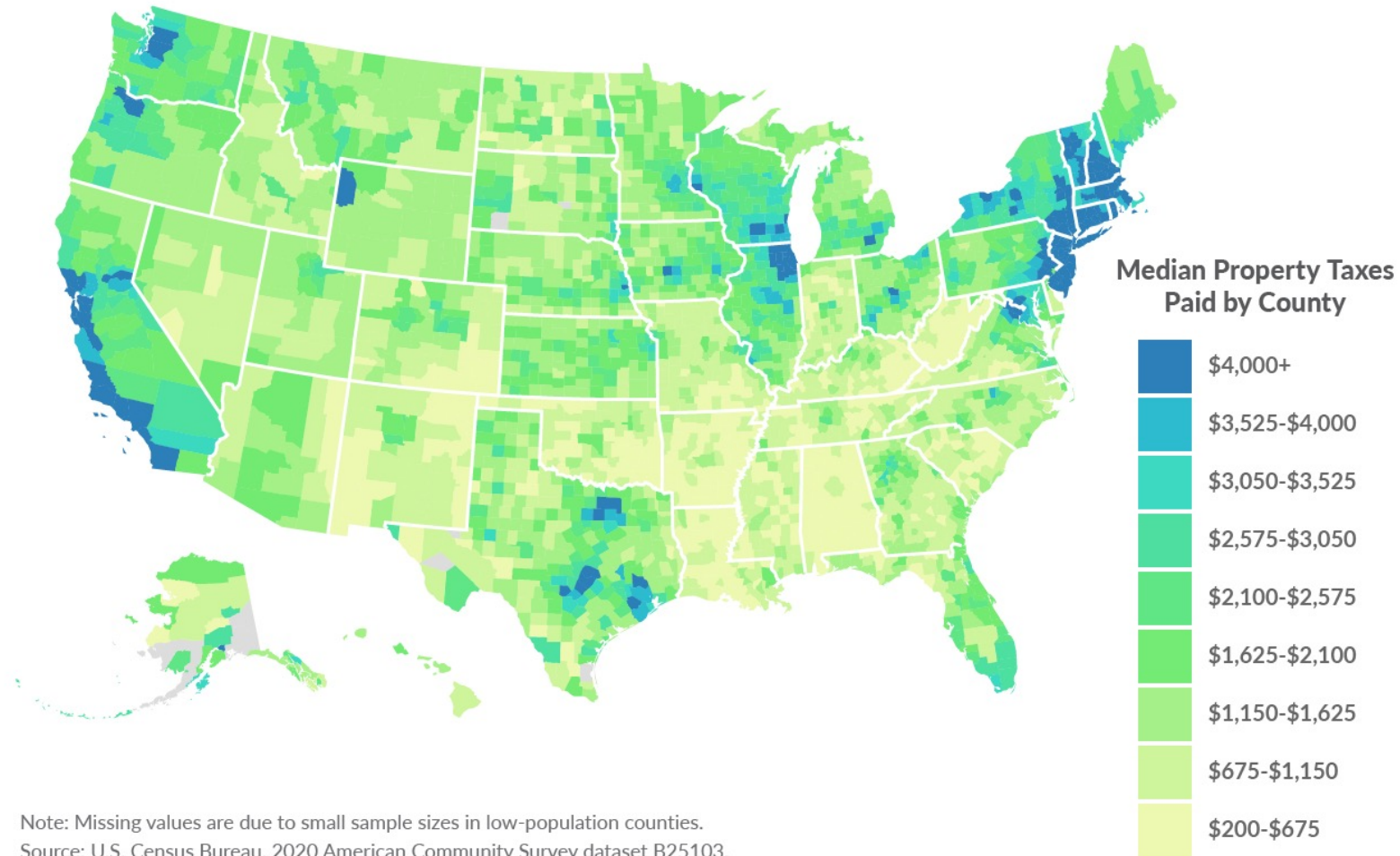


State and Local Tax Collections, 2003-2021



Where Do People Pay the Most in Property Taxes?

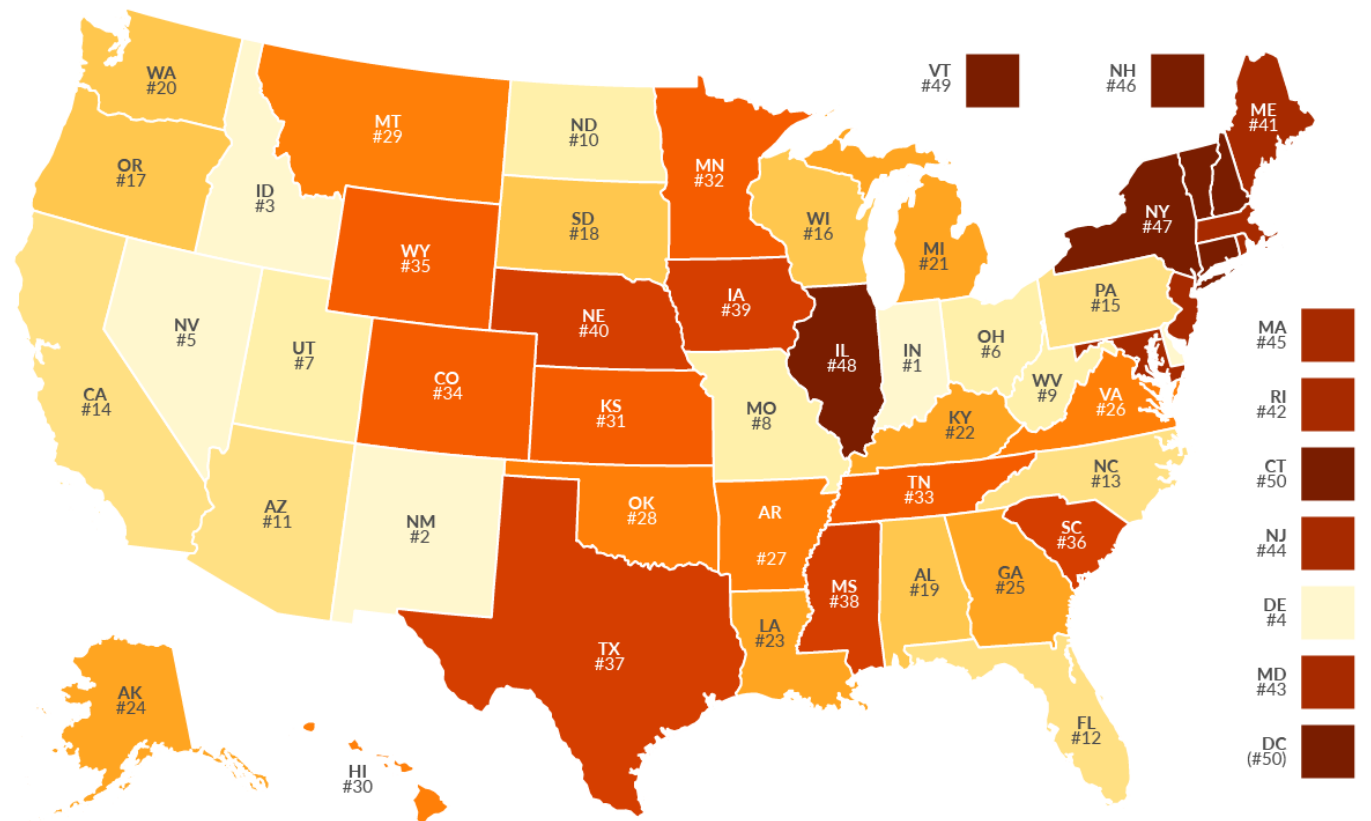
Median Property Taxes Paid by County, 2020 (5-year Estimate)



Note: Missing values are due to small sample sizes in low-population counties.
Source: U.S. Census Bureau, 2020 American Community Survey dataset B25103.

How Does Your State Rank on Property Taxes?

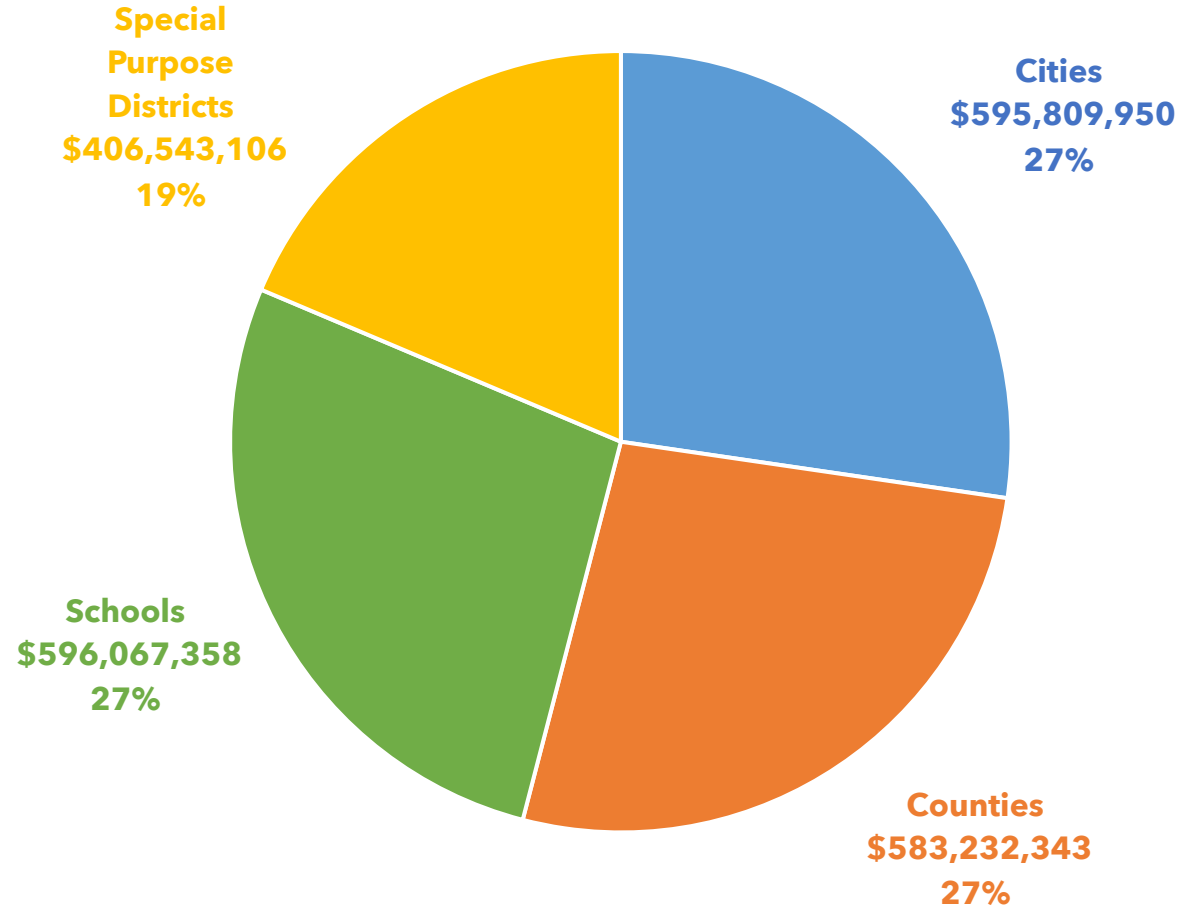
Property Tax Component Rankings, 2022 State Business Tax Climate Index



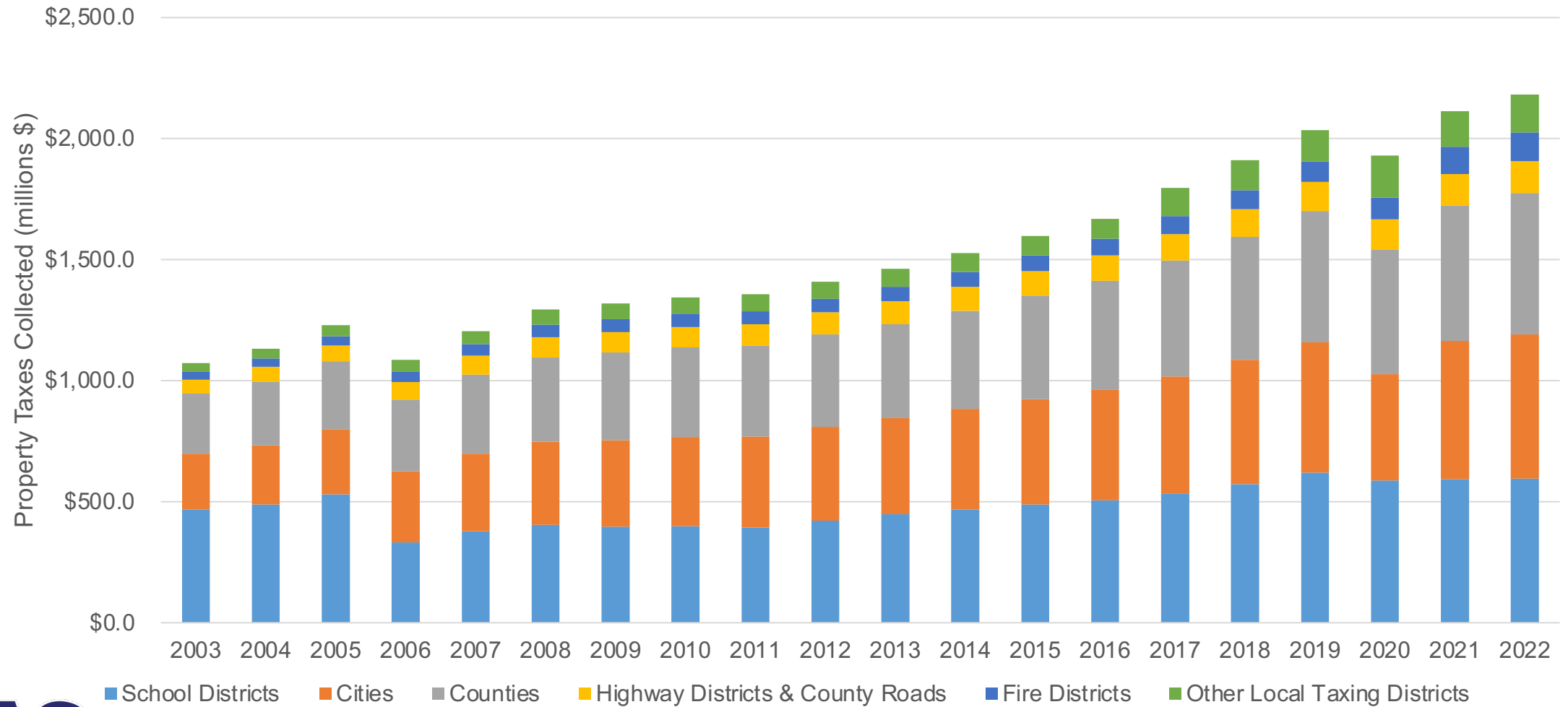
Note: A rank of 1 is best, 50 is worst. D.C.'s score and rank do not affect other states. The report shows tax systems as of July 1, 2021 (the beginning of Fiscal Year 2022). Source: Tax Foundation, 2022 State Business Tax Climate Index.



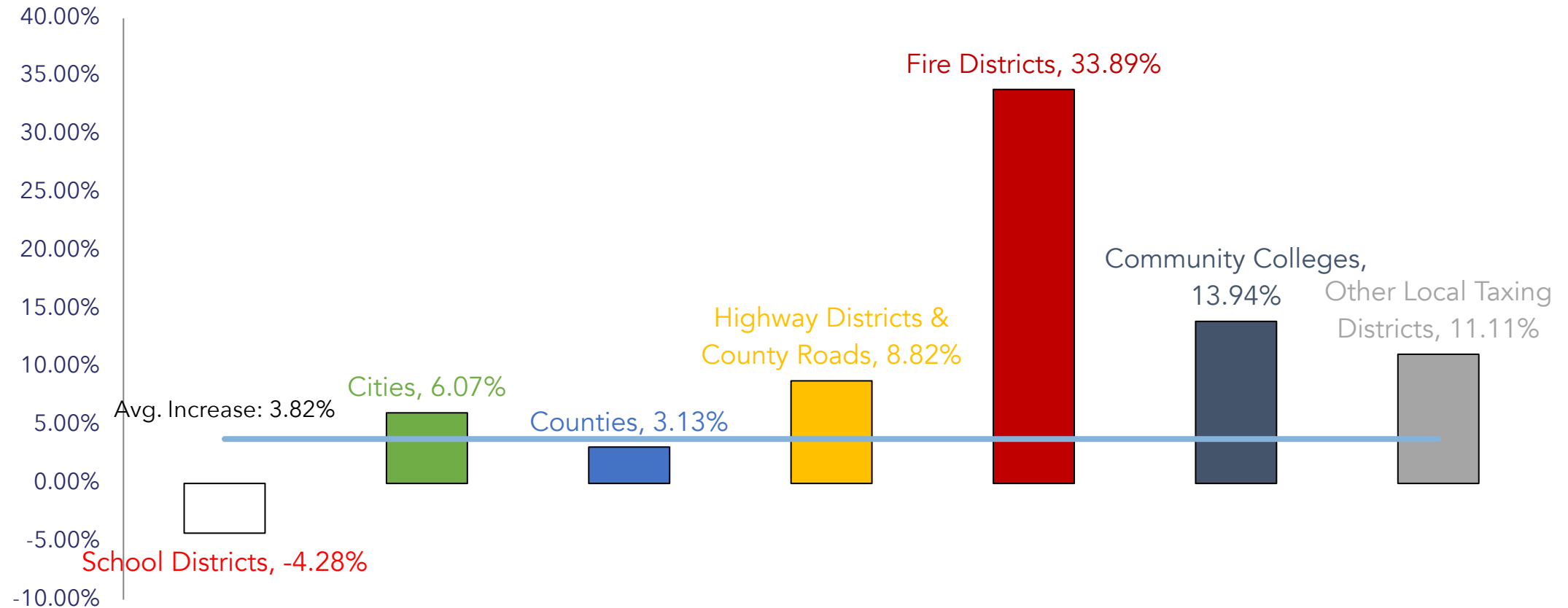
Allocation of Property Taxes (2022)



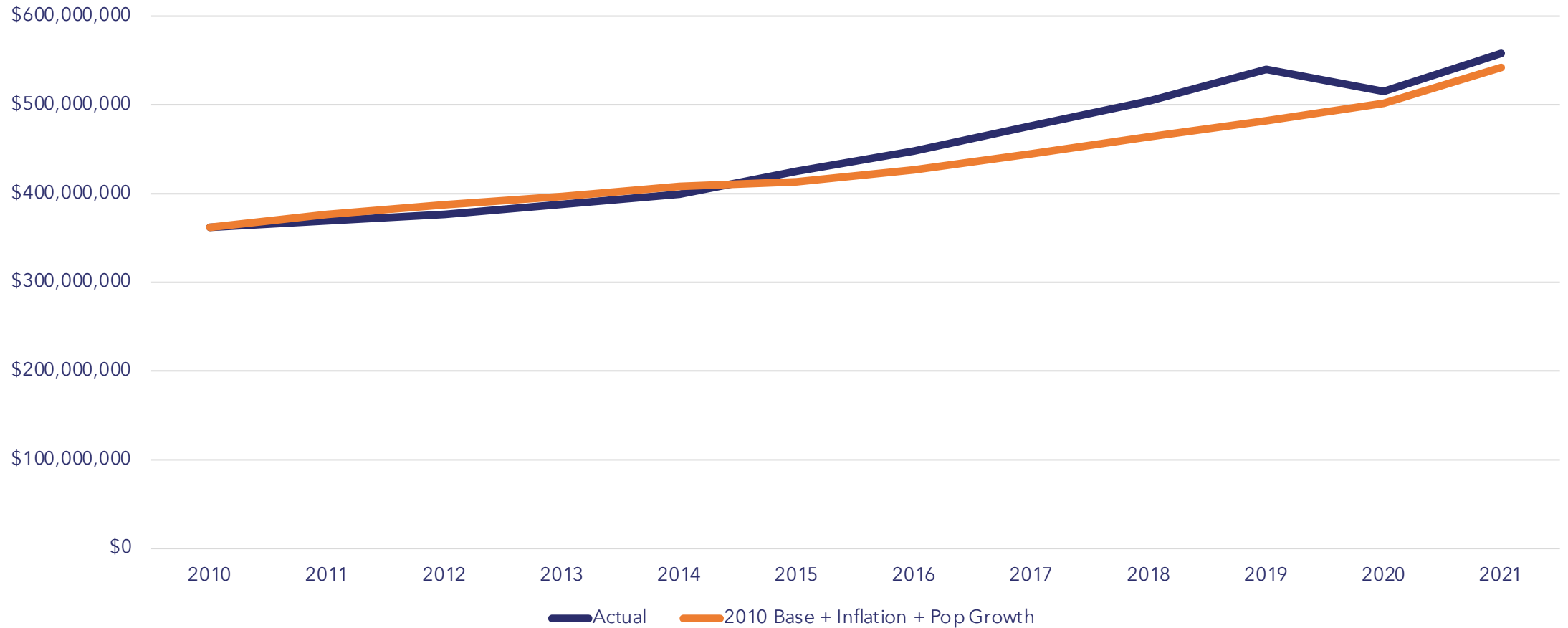
Statewide Property Taxes Collected (2003-2022)



Property Tax Budget Growth, 2019-2021



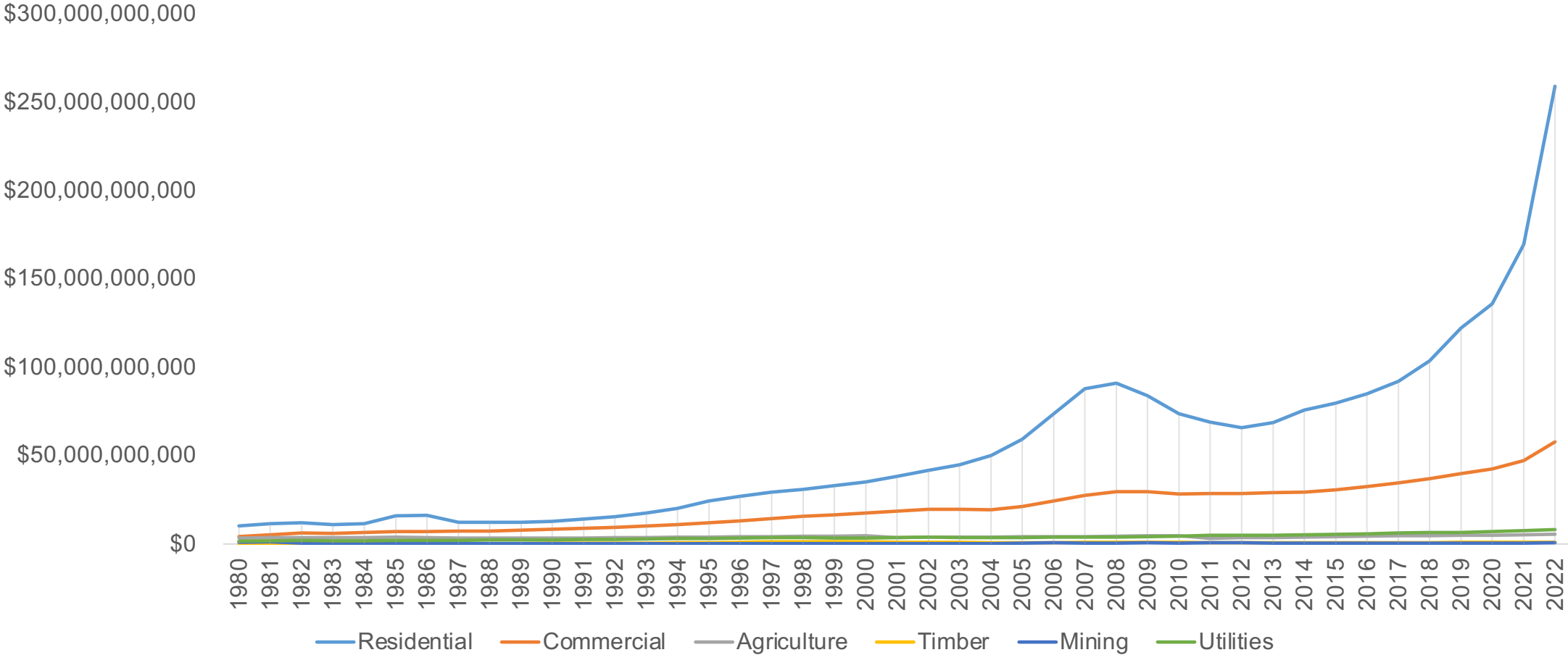
County Property Tax Budget Growth vs Inflation + Population Growth



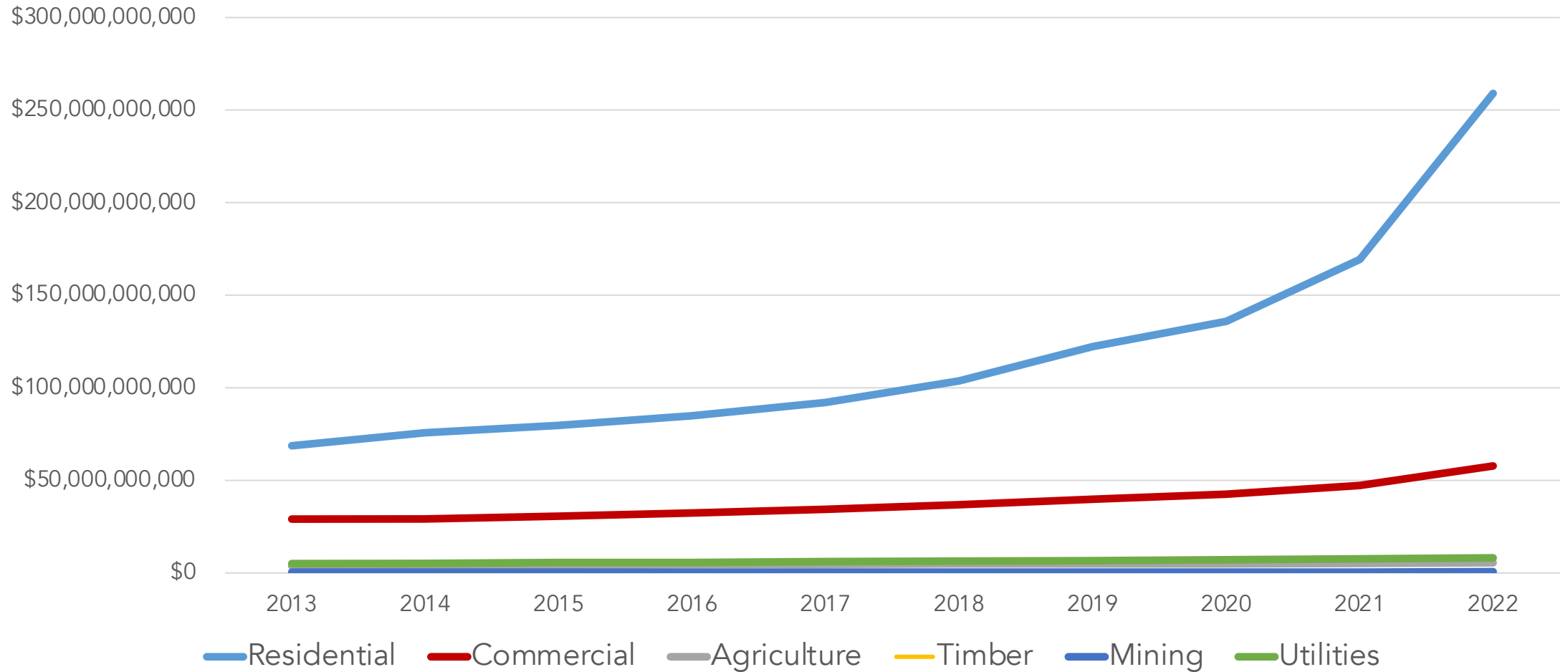
Assessment process

- Taxes to be uniform
- Market value state
- Annual ratio studies
- Alternative methodologies are used for some classes of property (indexes, cost approach, income approach, sales approach, etc.)

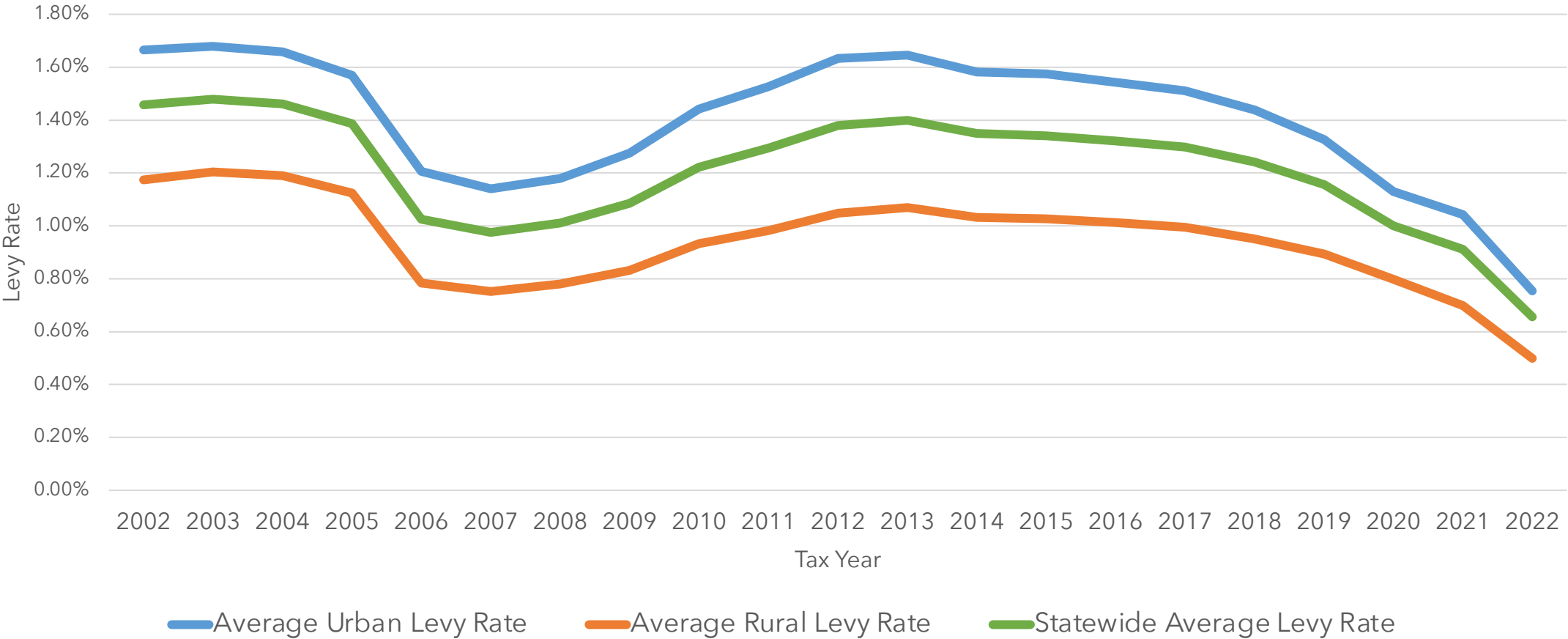
Taxable Market Valuation (1980-2022)



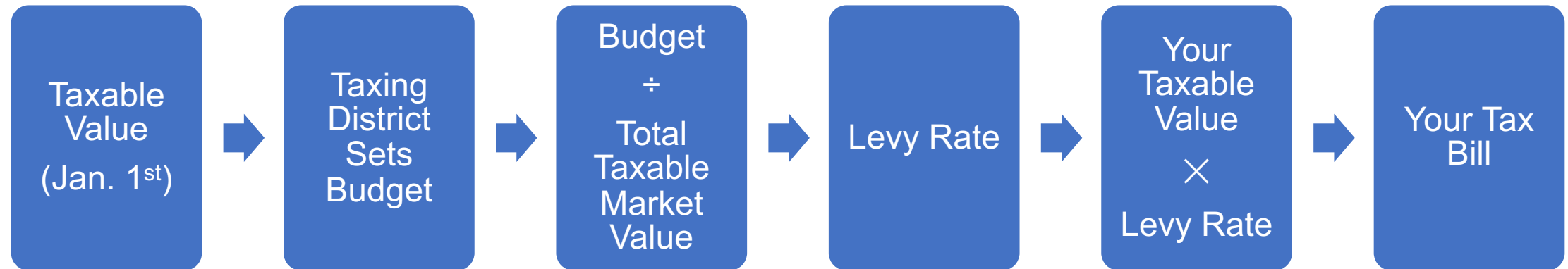
Market Valuation (2013-2022)



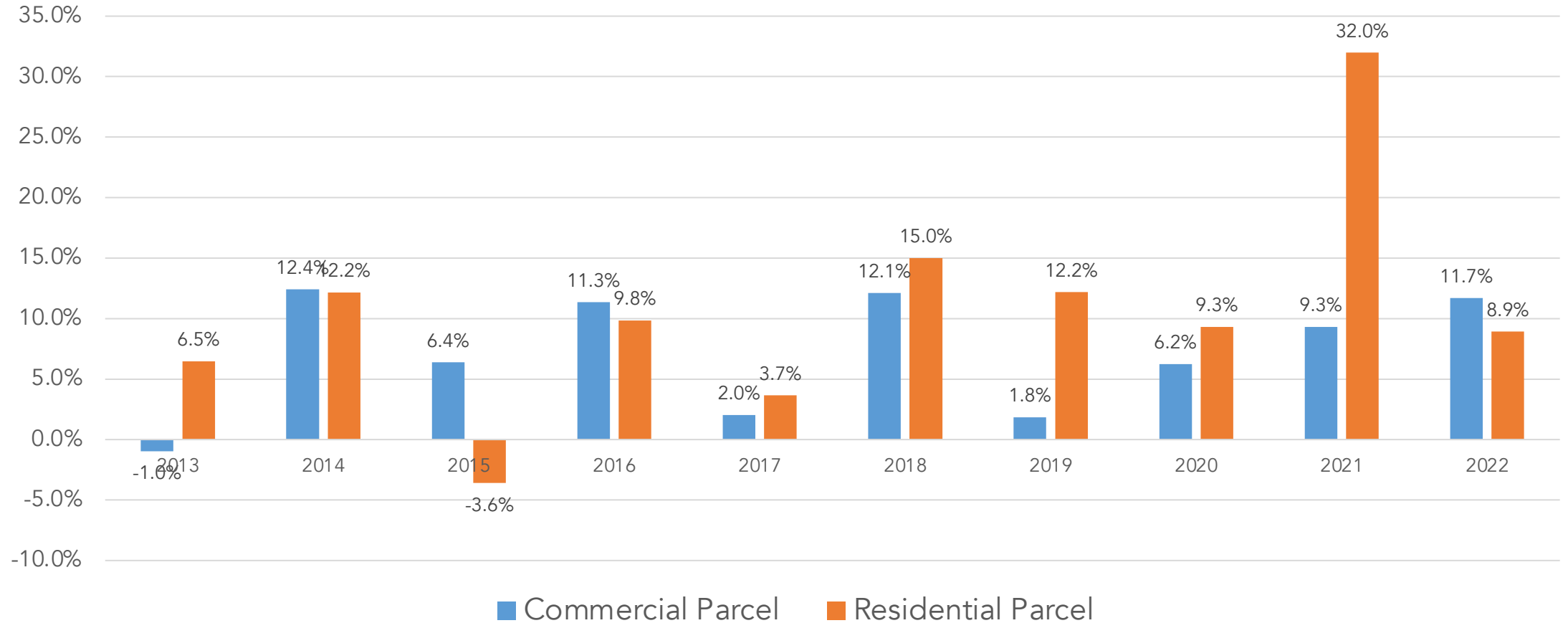
Average Levy Rates (2002-2022)



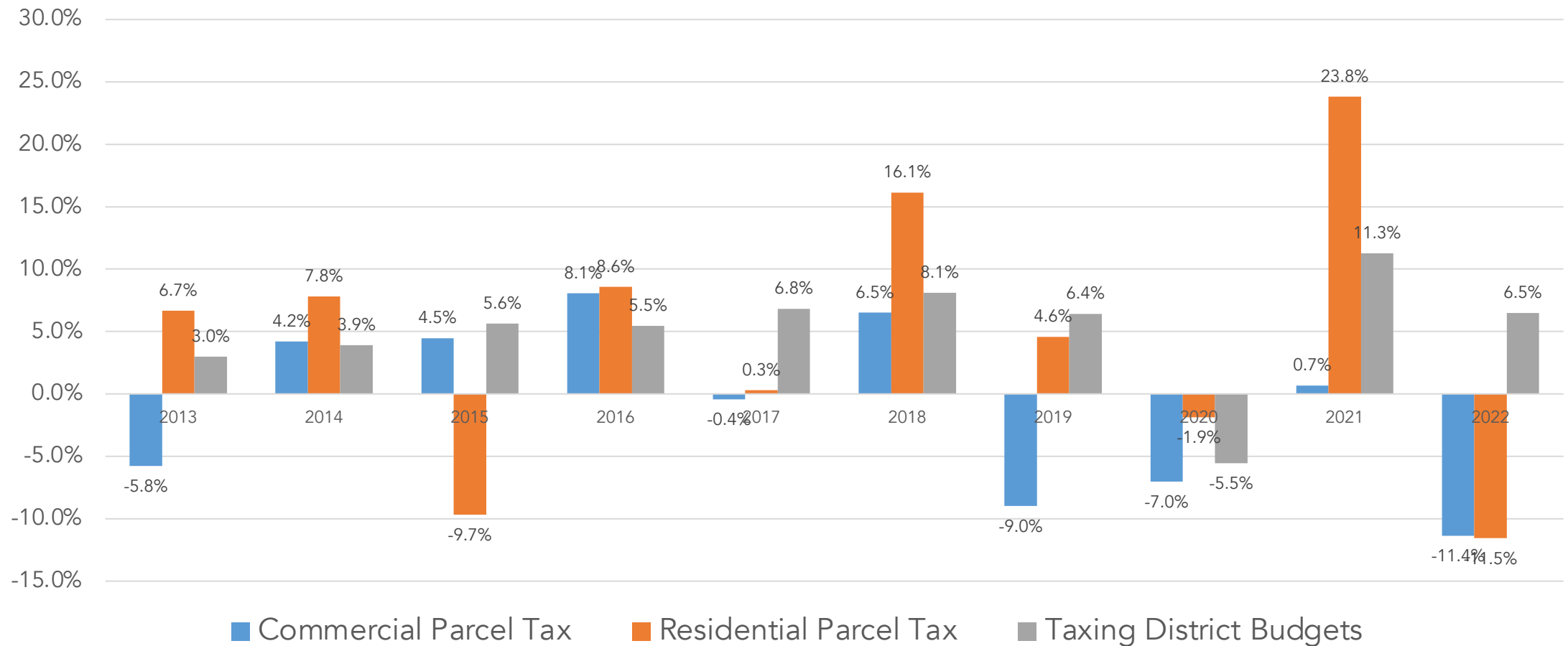
How Your Tax Bill is Calculated



Comparing Change in Market Value of One Commercial Parcel and One Residential Parcel



Comparing Taxes Paid of One Residential Parcel and One Commercial Parcel in Ada County



The 3% Cap

- A taxing districts base budget may increase by up to 3% of the highest property tax budget from the prior three years

Example

- 2020 Property Tax Budget = \$98
- 2021 Property Tax Budget = \$100
- 2022 Property Tax Budget = \$99

- What is the 2023 3% max budget?
- Answer: \$103

New Construction

- **New Construction**: Taxing district budget capacity in excess of 3% cap due to new development
- **Preliminary Levy Rate**: Estimated levy rate for ensuing tax year
- **To Calculate**:
 - Step 1: Multiply new construction value by 90%
 - Step 2: Multiply 90% of new construction value by the preliminary levy rate
 - Step 3: Product is added to a taxing districts base budget capacity

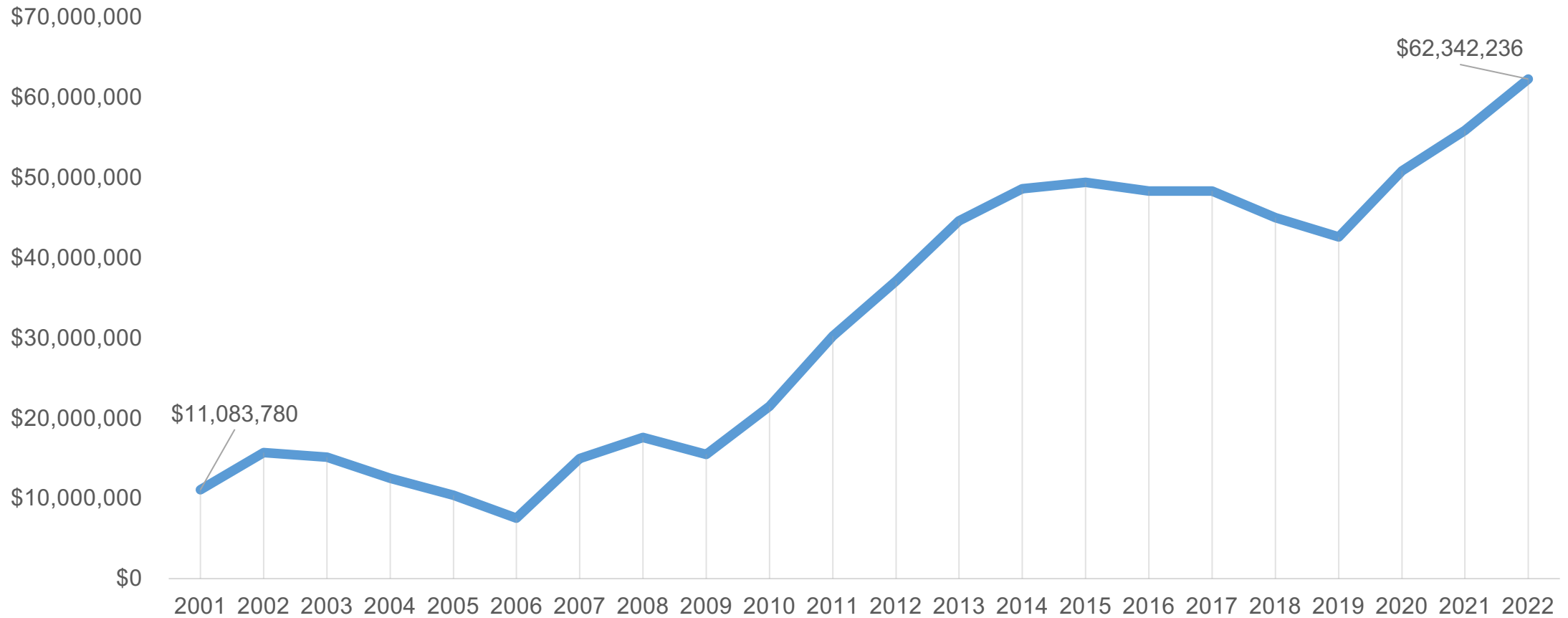
The 8% Cap

- A taxing district's budget may not increase by more than 8% including new construction

Forgone Property Taxes

- Property taxes that are not levied may be reserved for future budget purposes
- A taxing district may not increase its base property tax budget by no more than 1% per year from previously forgone property taxes

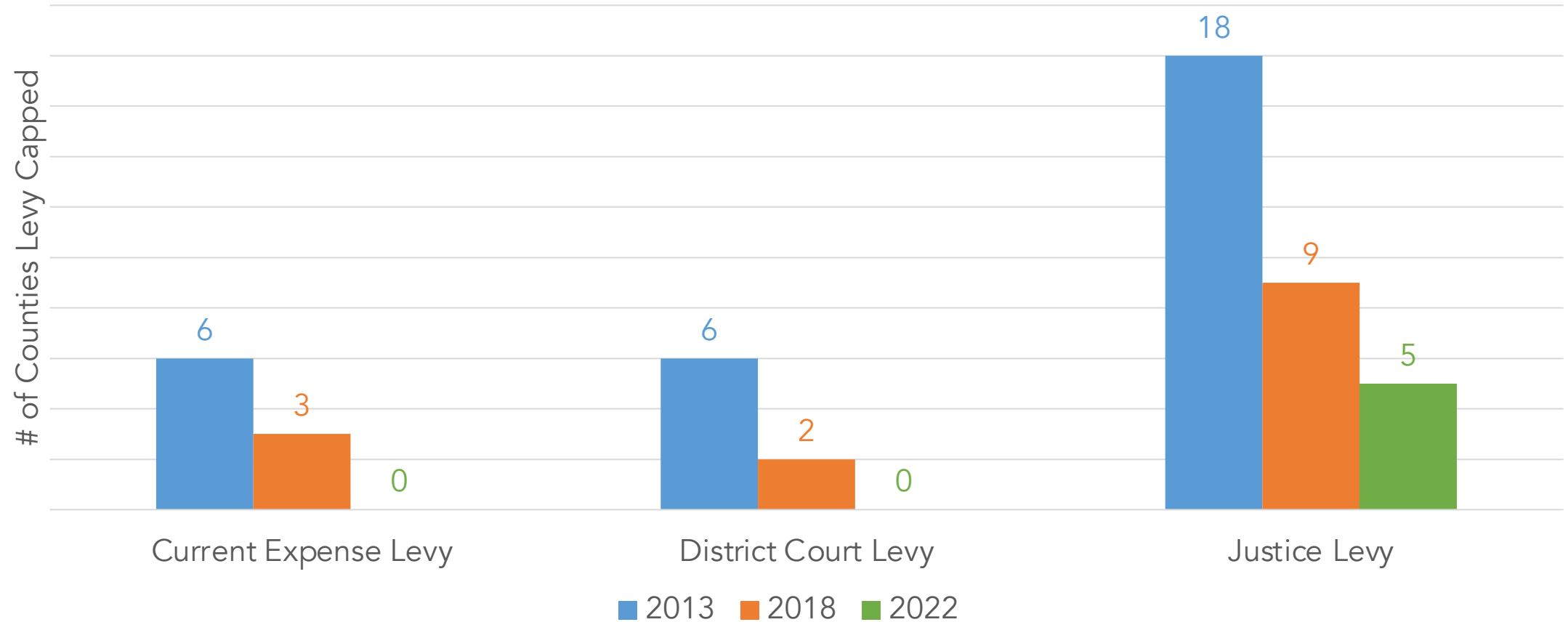
County Forgone Property Taxes (2001-2022)



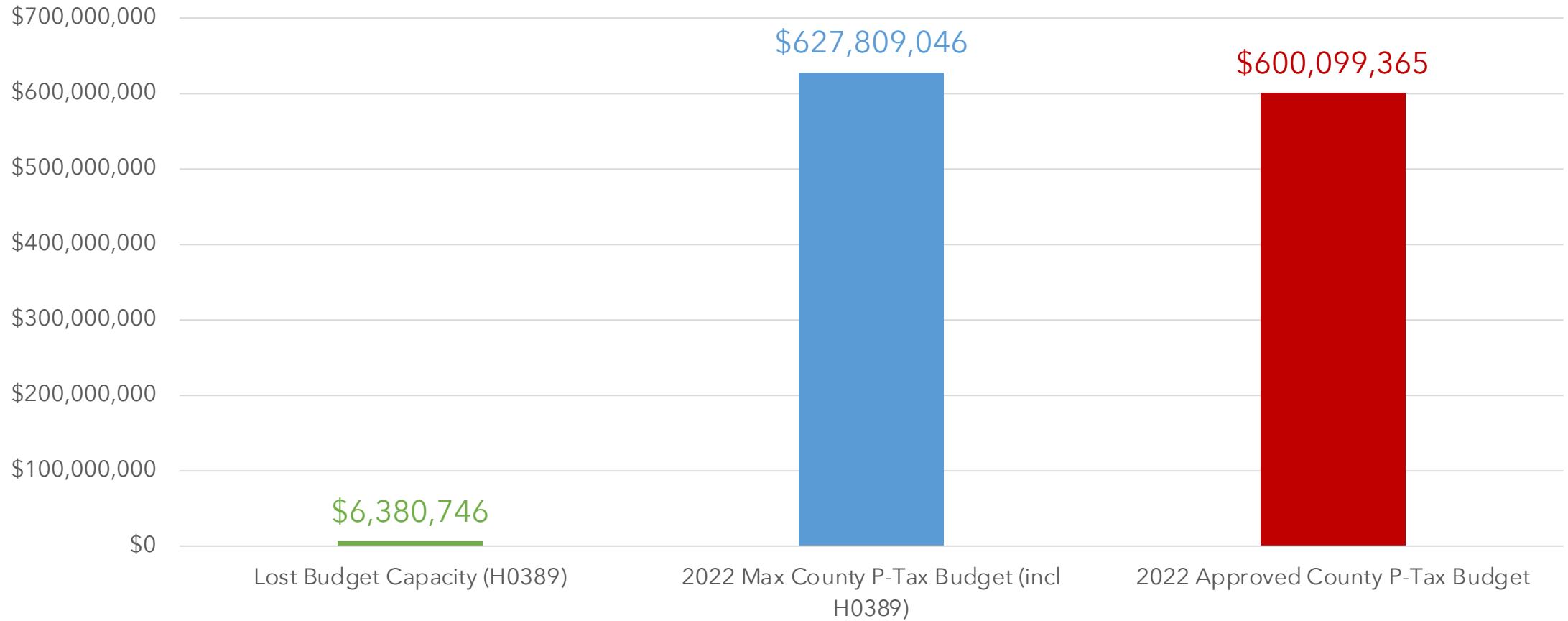
Levy Caps

- Most property tax levies have levy caps
- Levy caps are separate from budget caps
- A taxing district may never exceed statutory levy caps

Impact of Levy Caps on Counties



2022 Max County Property Tax Budgets vs Actual Budgets



County Average Annual Property Tax Growth Rates

- 20 Year Average: 5.0%
- 10 Year Average: 4.5%
- 5 Year Average: 4.2%
- 3 Year Average: 2.7%

Sources

- State Tax Commission
 - <https://tax.idaho.gov/governance/reports-and-statistics/>
- Idaho Transportation Department
 - <https://itd.idaho.gov/funding/?target=advisory-boards>
- State Controller
 - <https://localtransparency.idaho.gov/>
- Department of the Interior
 - <https://www.doi.gov/pilt>
- Legislative Services Office
 - <https://legislature.idaho.gov/fiscal-dashboards/>